VISIBILITY AND SERVICE PERFORMANCE
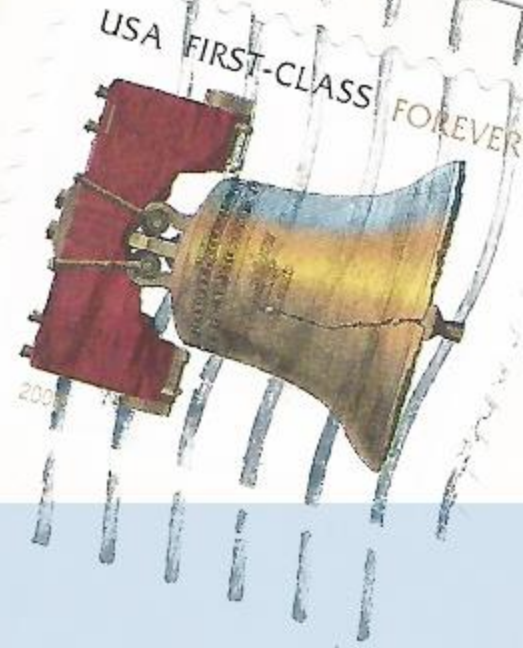
Stephen Dearing
Director, Corporate Reporting
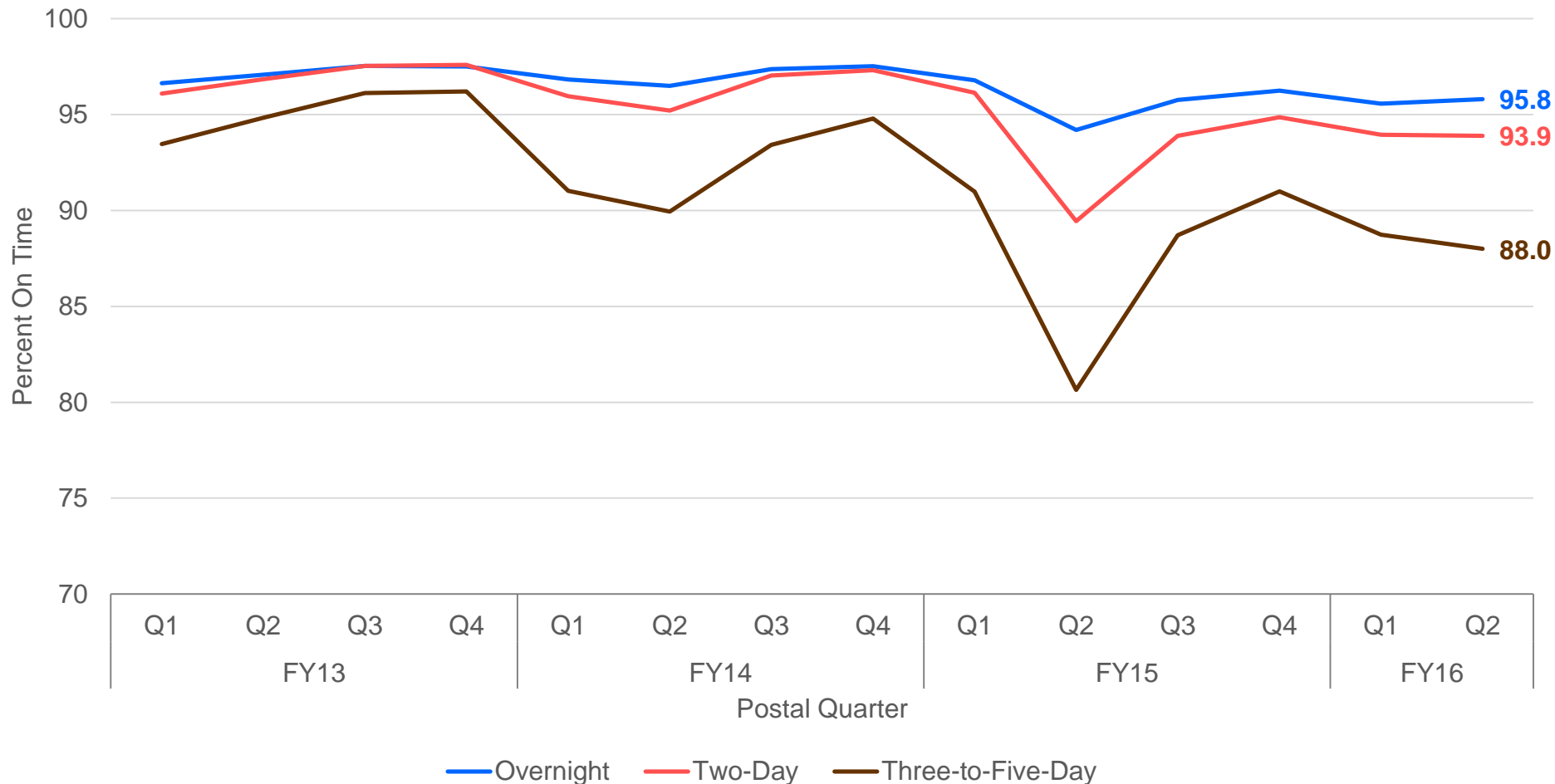
February 2, 2016

First-Class Mail

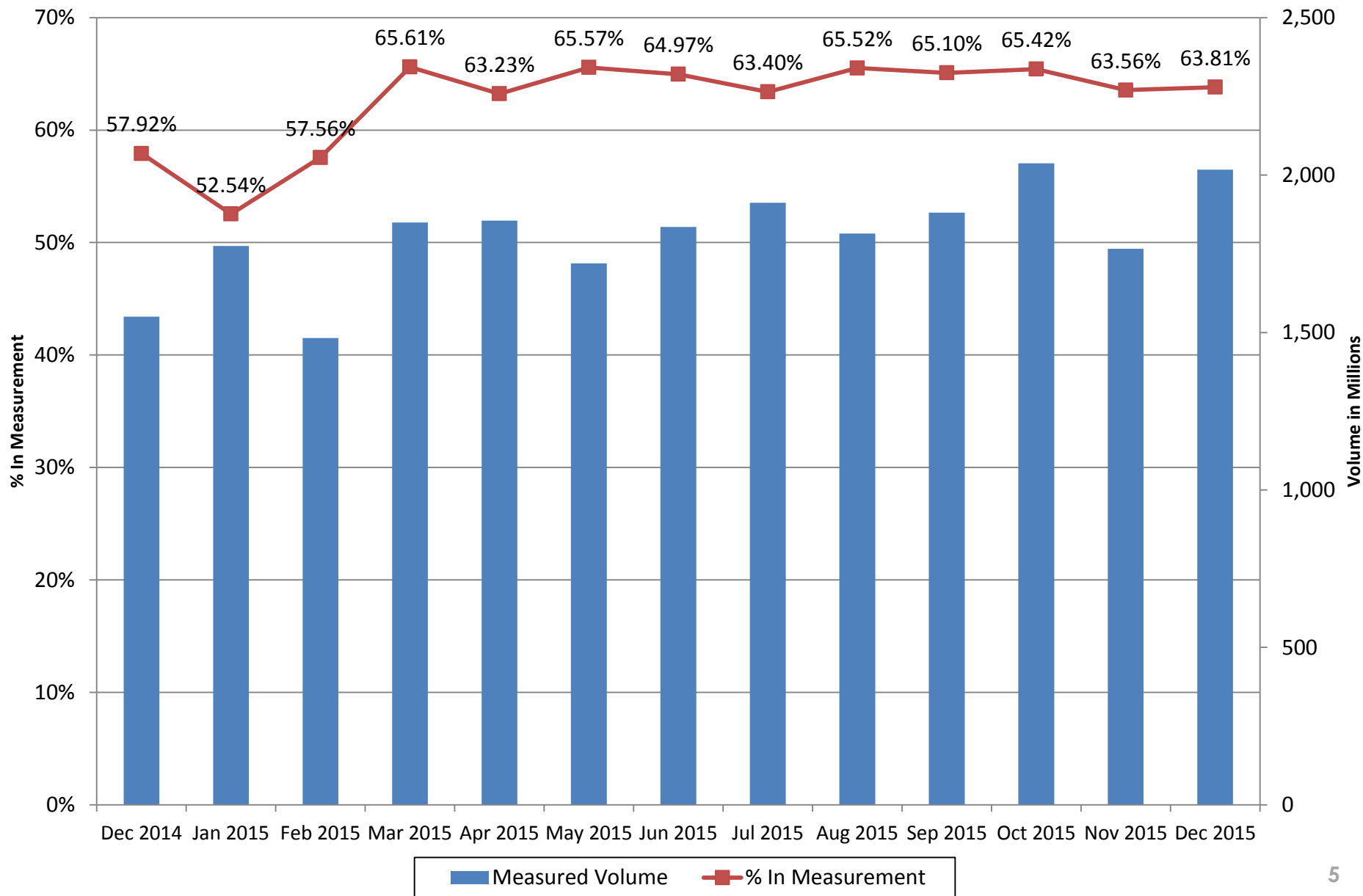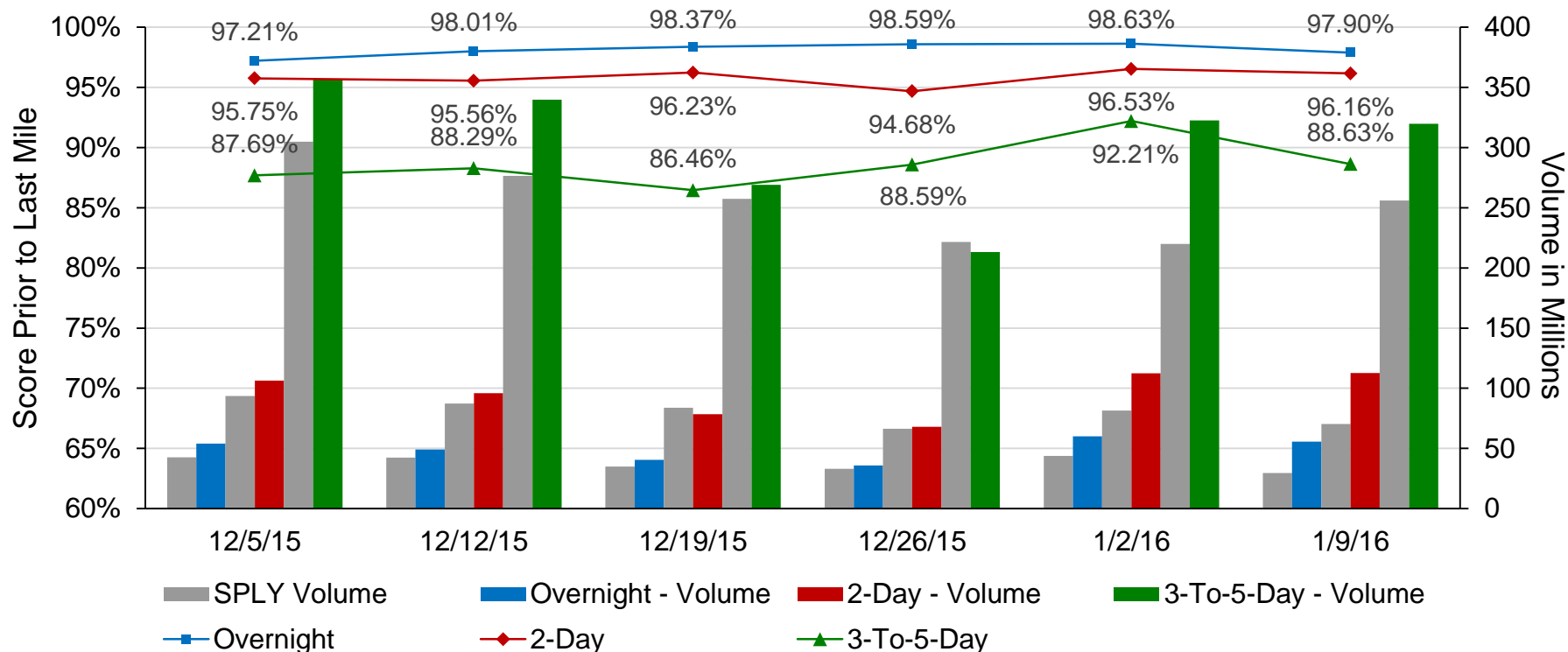Commercial First-Class Mail® FY13 thru FY16 Performance By Quarter

• FY16 Q2 through 01/15/16
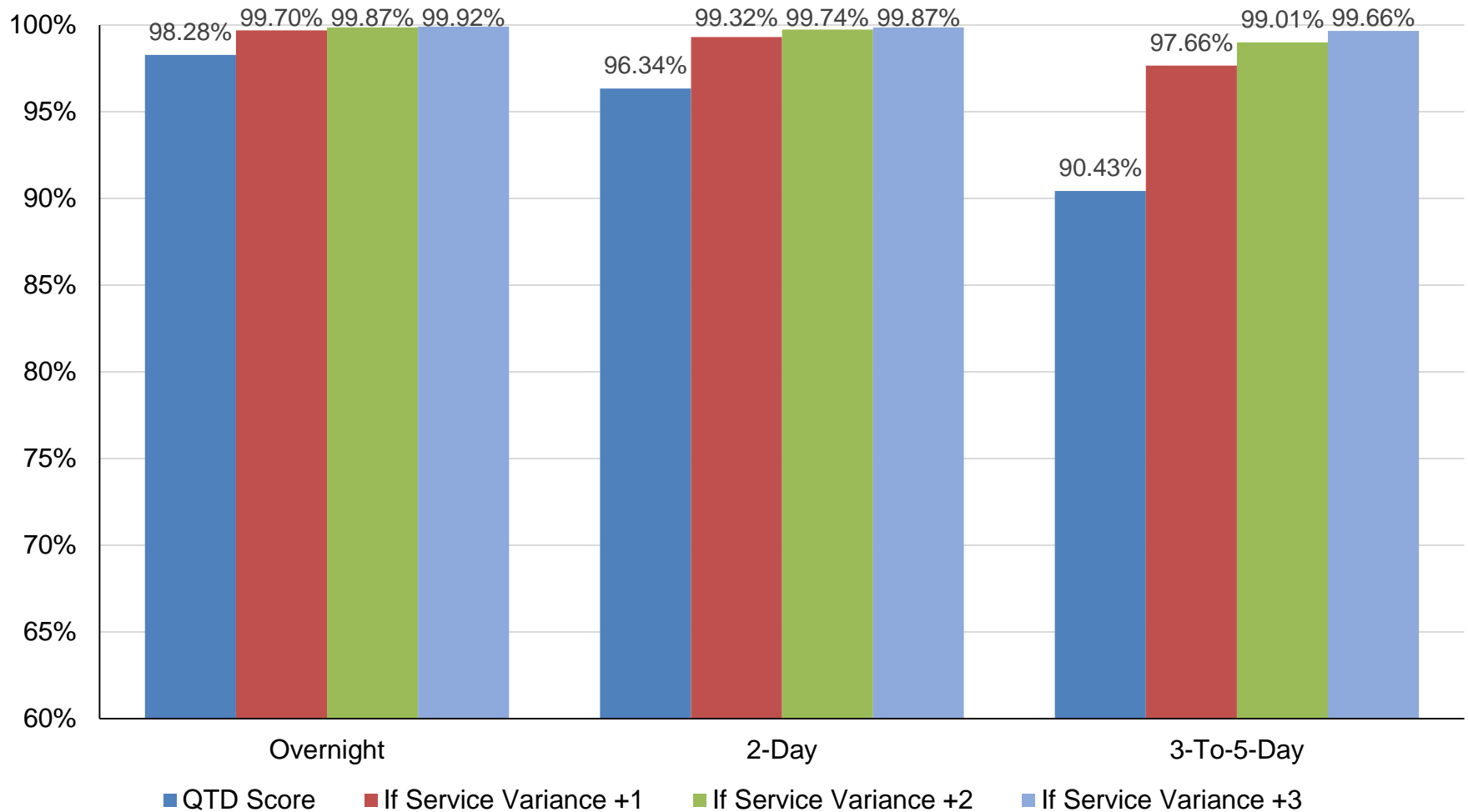
First-Class Mail

Letters

Q2 TD	Total Pieces Measured	Processing On-Time	Last Mile Impact	Overall Score	Target Score	SPLY Pieces Measured	Volume Change	SPLY Overall QTD Score	SPLY Change
Overnight	115,799,487	98.28%	-2.28%	96.00%	96.80%	83,704,109	38.34%	96.03%	-0.03%
2-Day	225,245,273	96.34%	-2.25%	94.09%	96.50%	178,025,885	26.52%	91.54%	2.55%
3-to-5-Day	642,354,490	90.43%	-2.25%	88.18%	95.25%	557,639,082	15.19%	82.95%	5.23%
3-Day	638,219,024	90.40%	-2.25%	88.15%	95.25%	555,071,953	14.98%	82.93%	5.22%
4-Day	3,944,733	95.98%	-2.28%	93.70%	95.25%	2,455,816	60.63%	87.62%	6.08%
5-Day	190,733	57.42%	-2.32%	55.10%	95.25%	111,313	71.35%	54.32%	0.78%
Total	**983,399,250**			**90.45%**	**96.00%**	**819,369,076**	**20.02%**	**86.15%**	**4.30%**

Last Mile Impact Trend
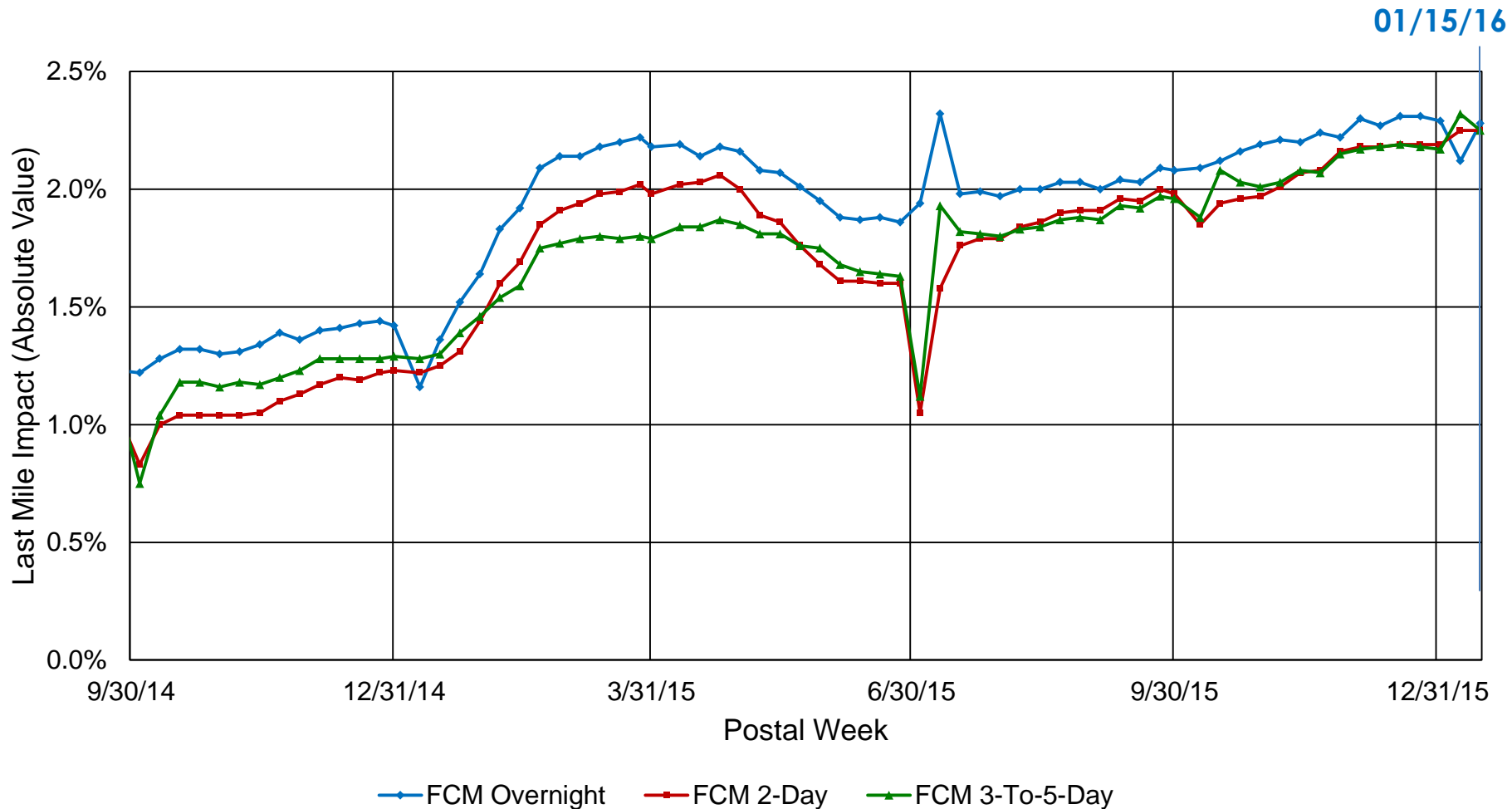
All QTD FCM Letters scores would be above 97.66% (prior to last mile), if pieces that failed by 1 day passed

	Overnight	2-Day	3-To-5-Day
QTD Score	98.28%	96.34%	90.43%
If Service Variance +1	99.70%	99.32%	97.66%
If Service Variance +2	99.87%	99.74%	99.01%
If Service Variance +3	99.92%	99.87%	99.66%

Legend: ■ QTD Score ■ If Service Variance +1 ■ If Service Variance +2 ■ If Service Variance +3
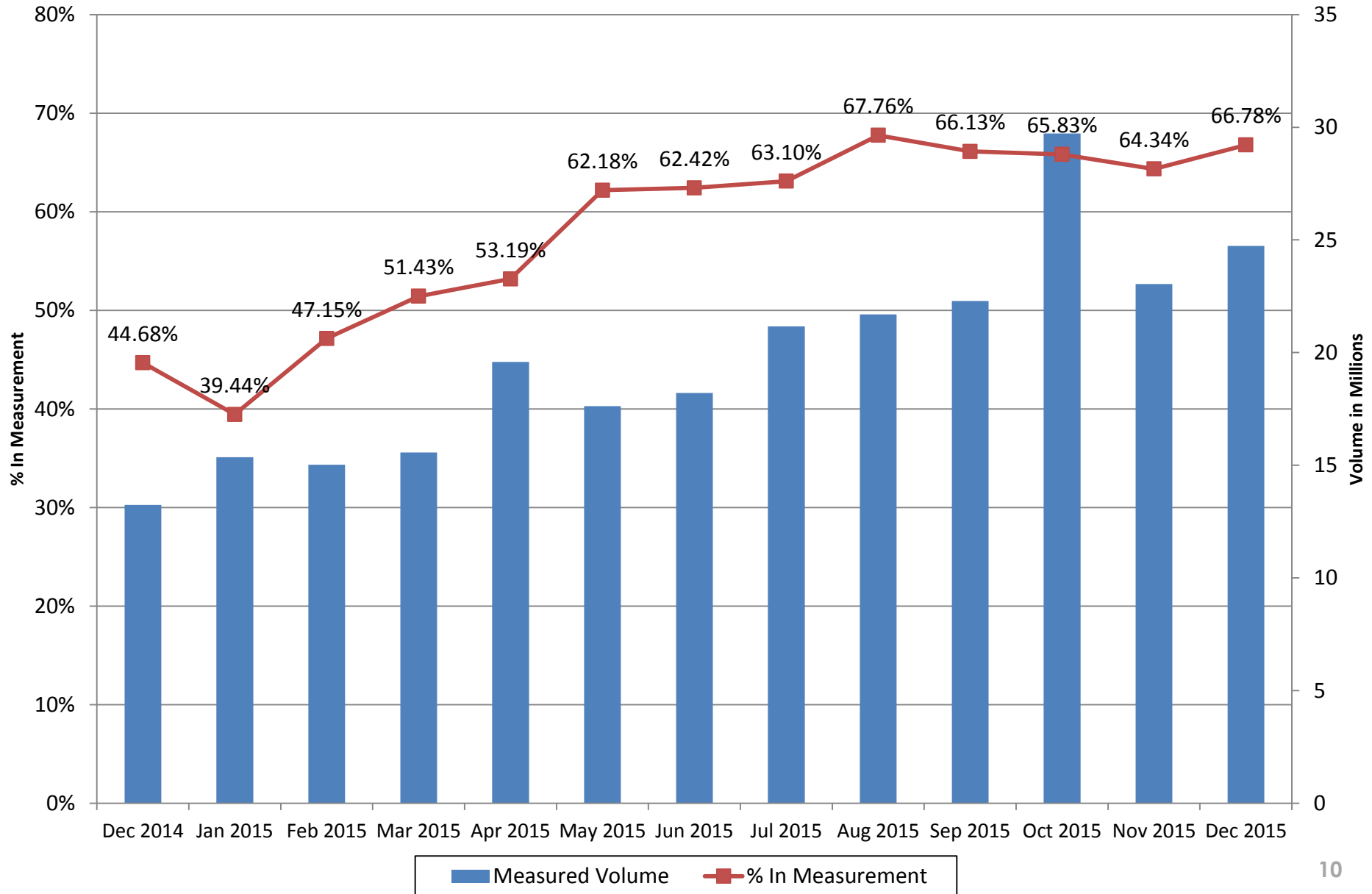
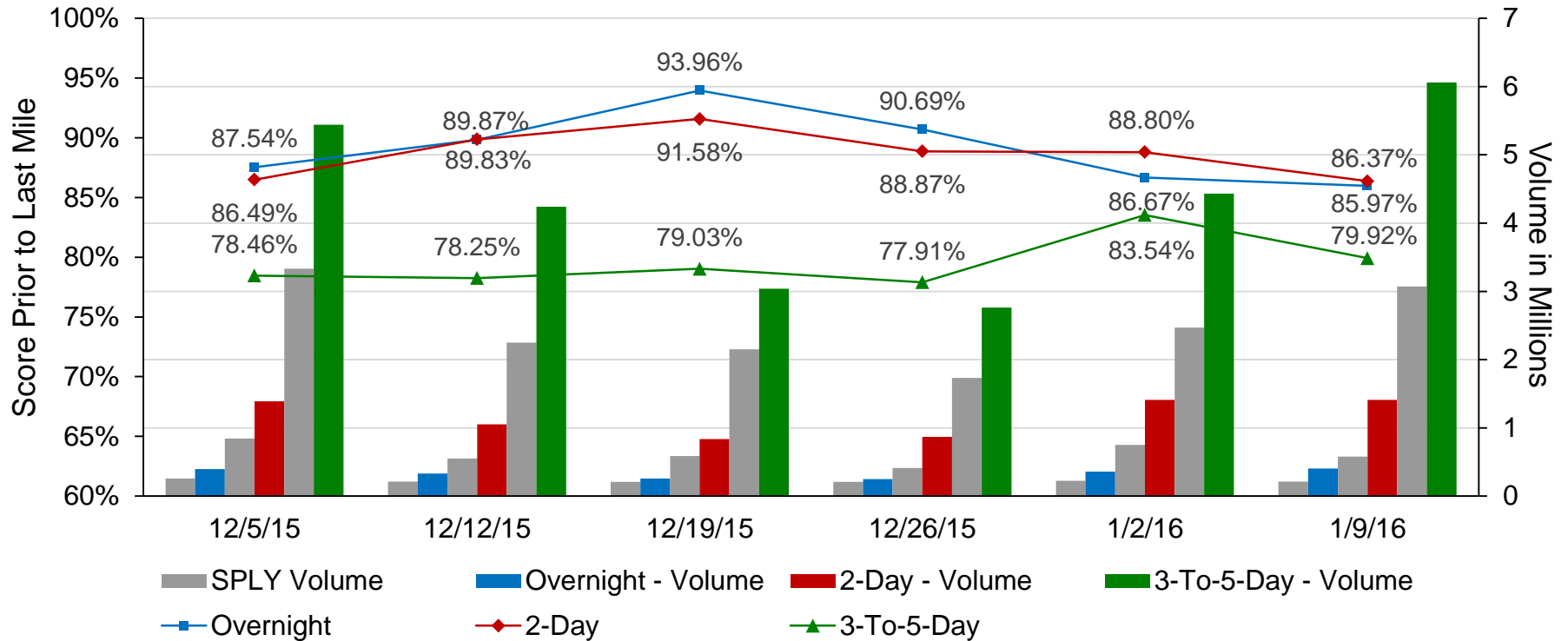Note: Service performance results before Last Mile
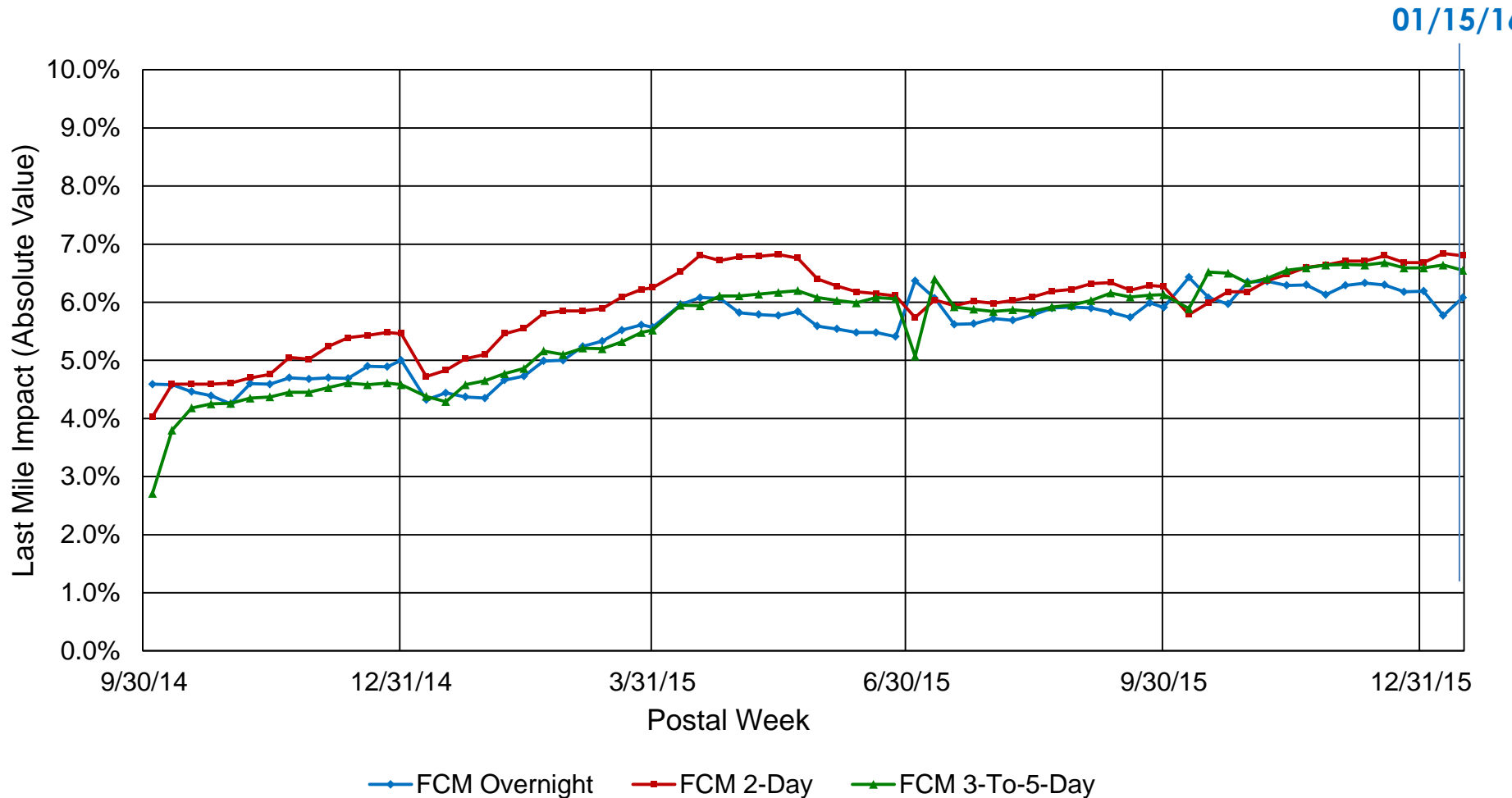
First-Class Mail

Flats

First-Class Mail Flats
Full Service Volume In Measurement Trend

Q2 TD	Total Pieces Measured	Processing On-Time	Last Mile Impact	Overall Score	Target Score	SPLY Pieces Measured	Volume Change	SPLY Overall QTD Score	SPLY Change
Overnight	760,821	86.30%	-6.09%	80.22%	96.80%	517,955	46.89%	81.41%	-1.19%
2-Day	2,818,673	87.59%	-6.80%	80.79%	96.50%	1,517,266	85.77%	77.96%	2.83%
3-to-5-Day	10,487,322	81.45%	-6.55%	74.90%	95.25%	6,015,481	74.34%	67.88%	7.02%
3-Day	10,447,238	81.43%	-6.55%	74.88%	95.25%	5,987,374	74.49%	67.83%	7.05%
4-Day	38,539	85.74%	-6.25%	79.49%	95.25%	27,388	40.71%	78.05%	1.44%
5-Day	1,545	95.99%	-8.78%	87.21%	95.25%	719	114.88%	84.73%	2.48%
Total	**14,066,816**			**76.37%**	**96.00%**	**8,050,702**	**74.73%**	**70.65%**	**5.72%**

UNITED STATES POSTAL SERVICE®

Last Mile Impact Trend

01/15/16

Chart: Last Mile Impact (Absolute Value) vs. Postal Week, from 9/30/14 to 12/31/15. Y-axis ranges from 0.0% to 10.0%. Series: FCM Overnight (blue), FCM 2-Day (red), FCM 3-To-5-Day (green).

All QTD FCM Flats scores would be above 93.58% (prior to last mile), if pieces that failed by 1 day passed
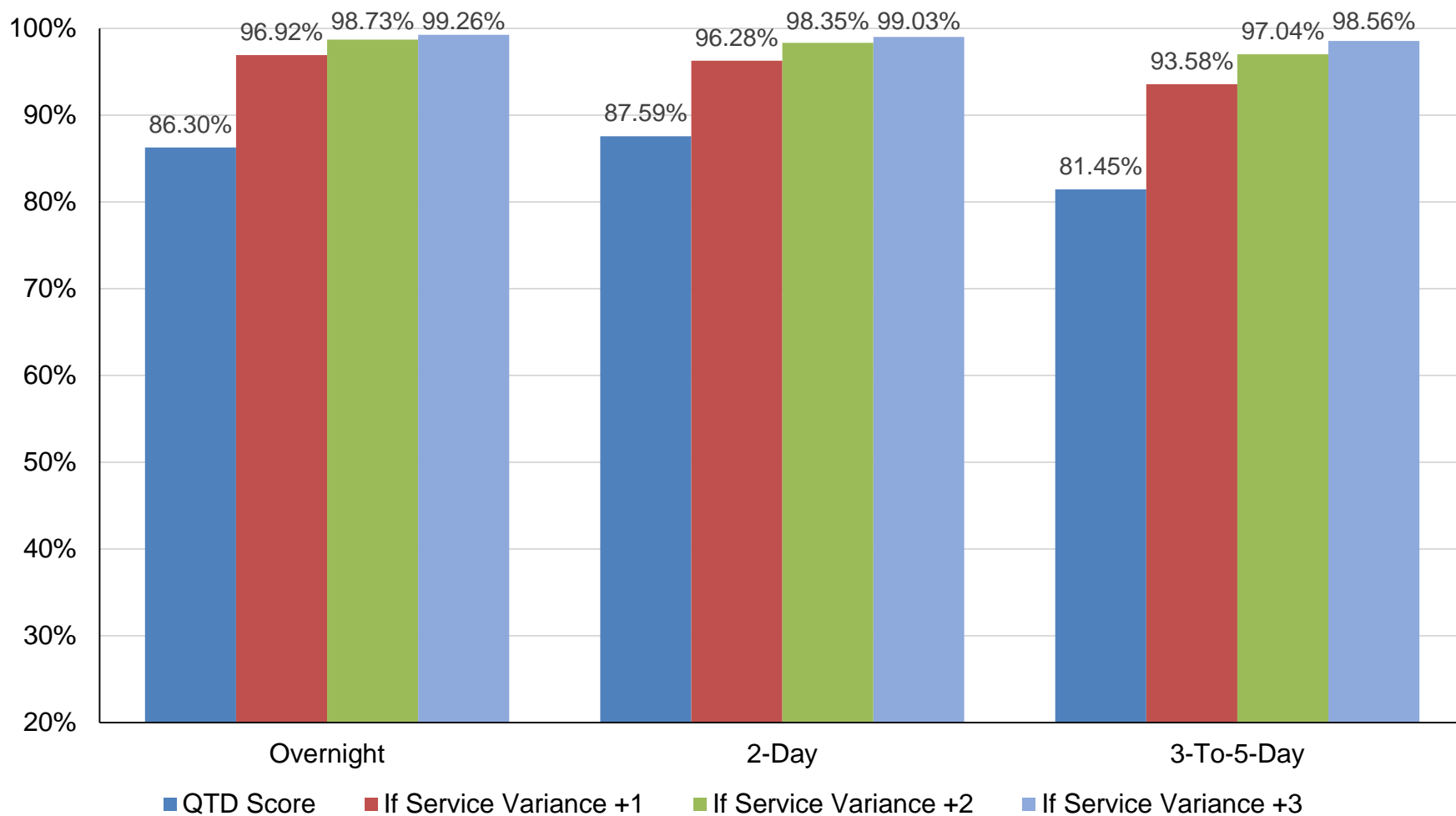
Overnight
- QTD Score: 86.30%
- If Service Variance +1: 96.92%
- If Service Variance +2: 98.73%
- If Service Variance +3: 99.26%

2-Day
- QTD Score: 87.59%
- If Service Variance +1: 96.28%
- If Service Variance +2: 98.35%
- If Service Variance +3: 99.03%

3-To-5-Day
- QTD Score: 81.45%
- If Service Variance +1: 93.58%
- If Service Variance +2: 97.04%
- If Service Variance +3: 98.56%

Legend: ■ QTD Score ■ If Service Variance +1 ■ If Service Variance +2 ■ If Service Variance +3

Note: Service performance results before Last Mile
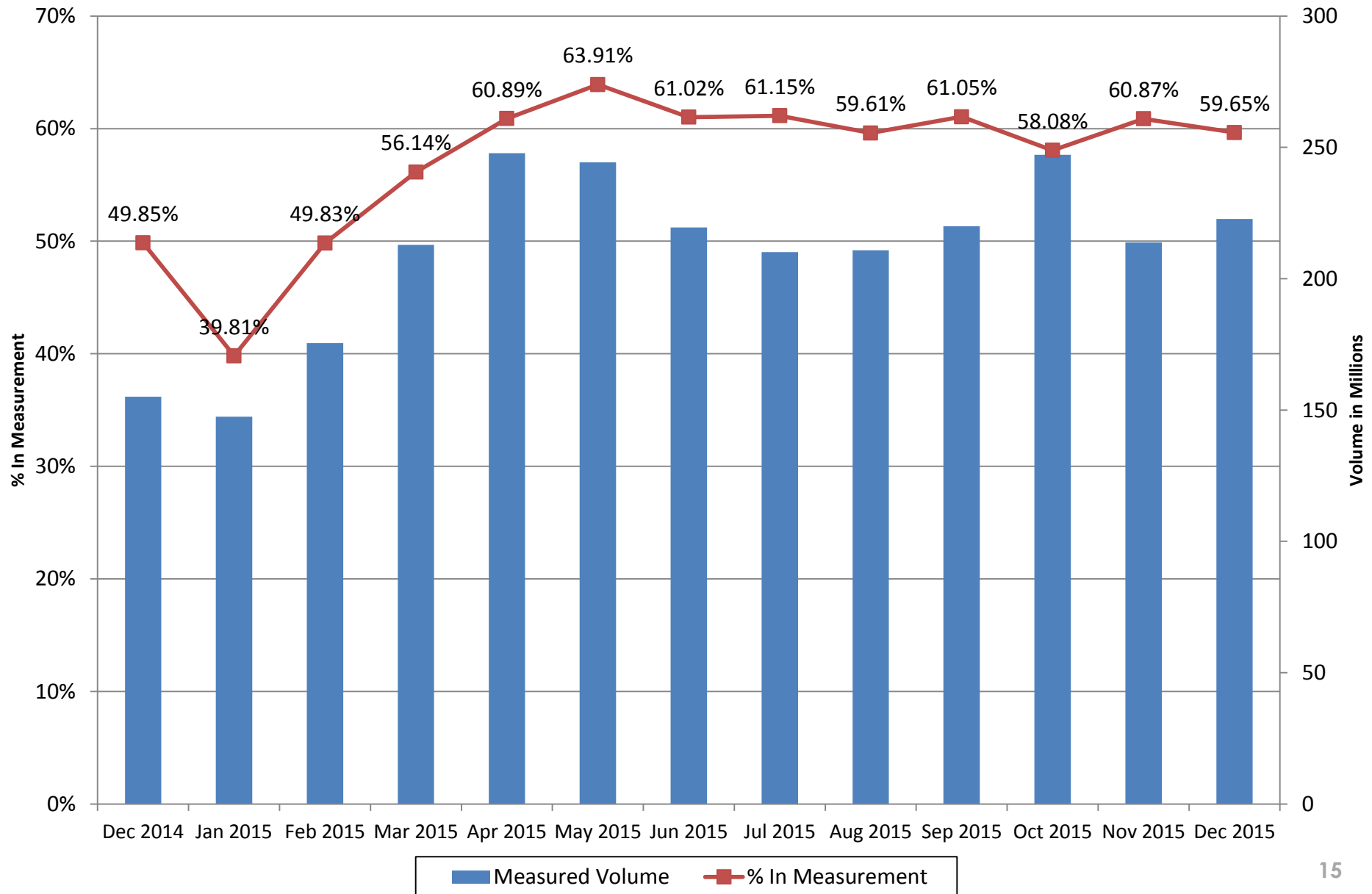
Periodicals

Destination Entry IMb™ Periodicals FY13 thru FY16 Performance By Quarter
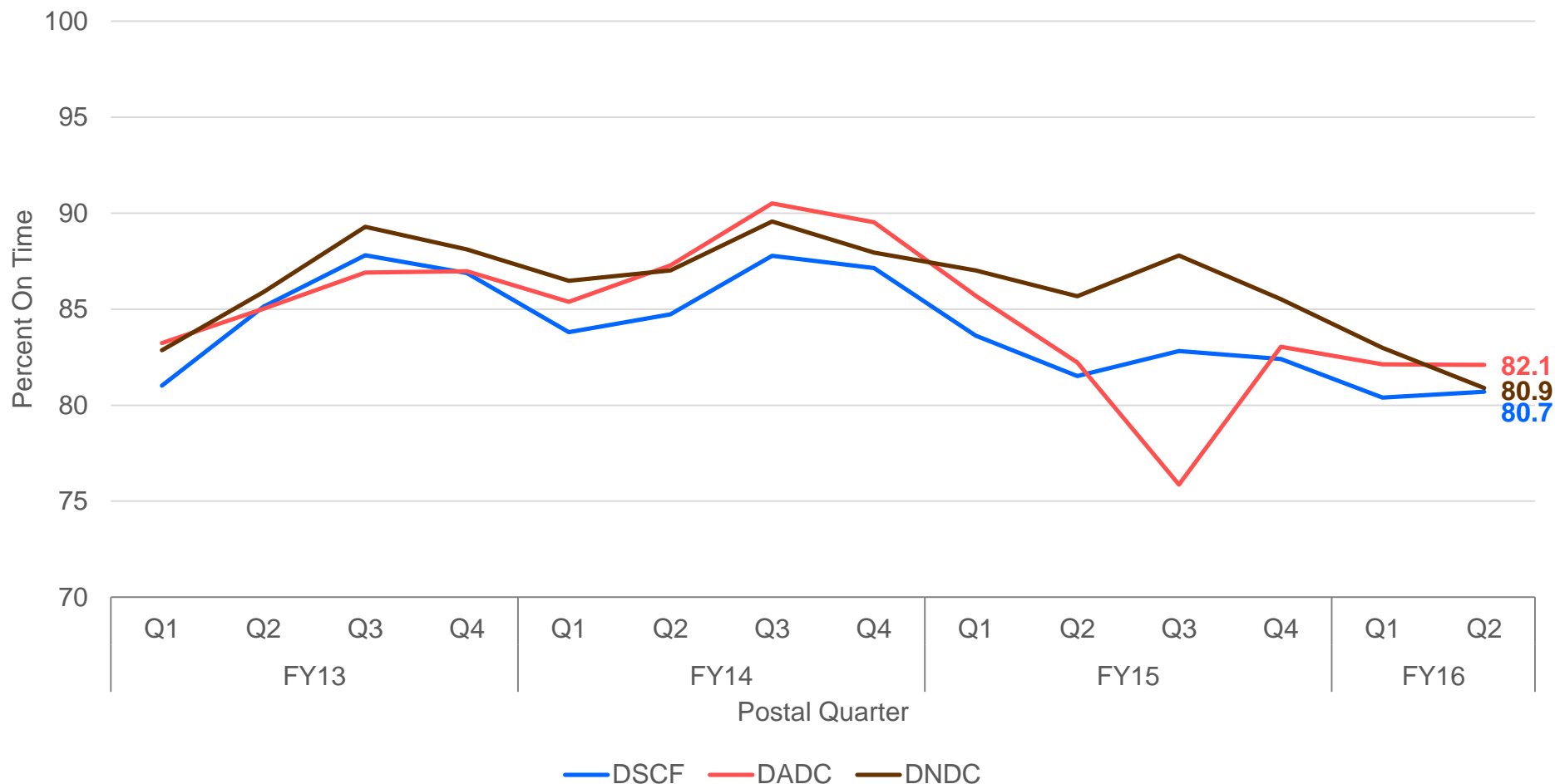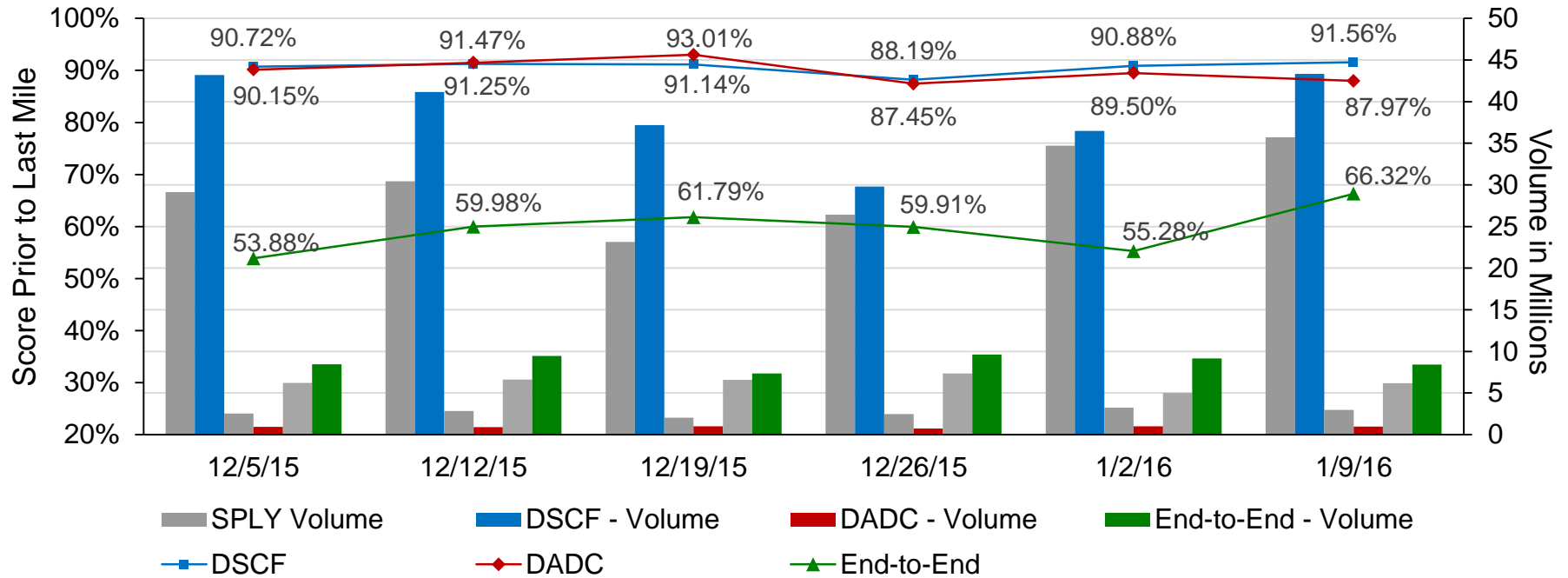
Percent On Time

	FY13				FY14				FY15				FY16	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2

Postal Quarter

Legend: DSCF, DADC, DNDC

Final values: 82.1, 80.9, 80.7

• FY16 Q2 through 01/15/16

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Q2 TD	Total Pieces Measured	Processing On-Time	Last Mile Impact	Overall Score	Target Score	SPLY Pieces Measured	Volume Change	SPLY Overall QTD Score	SPLY Change
SCF Flats	79,805,906	91.25%	-10.51%	80.74%	91.00%	72,393,704	10.24%	84.24%	-3.50%
ADC Flats	1,956,183	88.75%	-6.60%	82.15%	91.00%	6,484,569	-69.83%	83.39%	-1.24%
E2E Flats	17,587,977	60.56%	-3.48%	57.08%	91.00%	12,572,810	39.89%	61.22%	-4.14%
2-Day	0	N/A	N/A	N/A	N/A	272,089	N/A	73.14%	N/A
3-Day	5,370,367	85.04%	-3.75%	81.29%	91.00%	4,322,399	24.25%	82.65%	-1.36%
4-Day	7,496,934	52.79%	-3.75%	49.04%	91.00%	4,859,922	54.26%	51.94%	-2.90%
5-Day	348,492	54.01%	-2.78%	51.23%	91.00%	199,131	75.01%	48.69%	2.54%
6+ Day	4,372,184	44.35%	-2.76%	41.59%	91.00%	2,919,269	49.77%	44.68%	-3.09%
Total	99,350,066			75.35%	91.00%	91,451,083	8.64%	81.02%	-5.67%

Last Mile Impact Trend

Chart showing "Last Mile Impact Trend" with X-axis "Postal Week" (from 9/30/14 to 12/31/15) and Y-axis "Last Mile Impact (Absolute Value)" (0.0% to 12.0%). Date label "01/15/16" at top right. Legend: Destination (blue), End-to-End (red).

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UNITED STATES POSTAL SERVICE®

QTD DSCF and DADC Periodicals scores would be above 95.44% (prior to last mile), if pieces that failed by 1 day passed
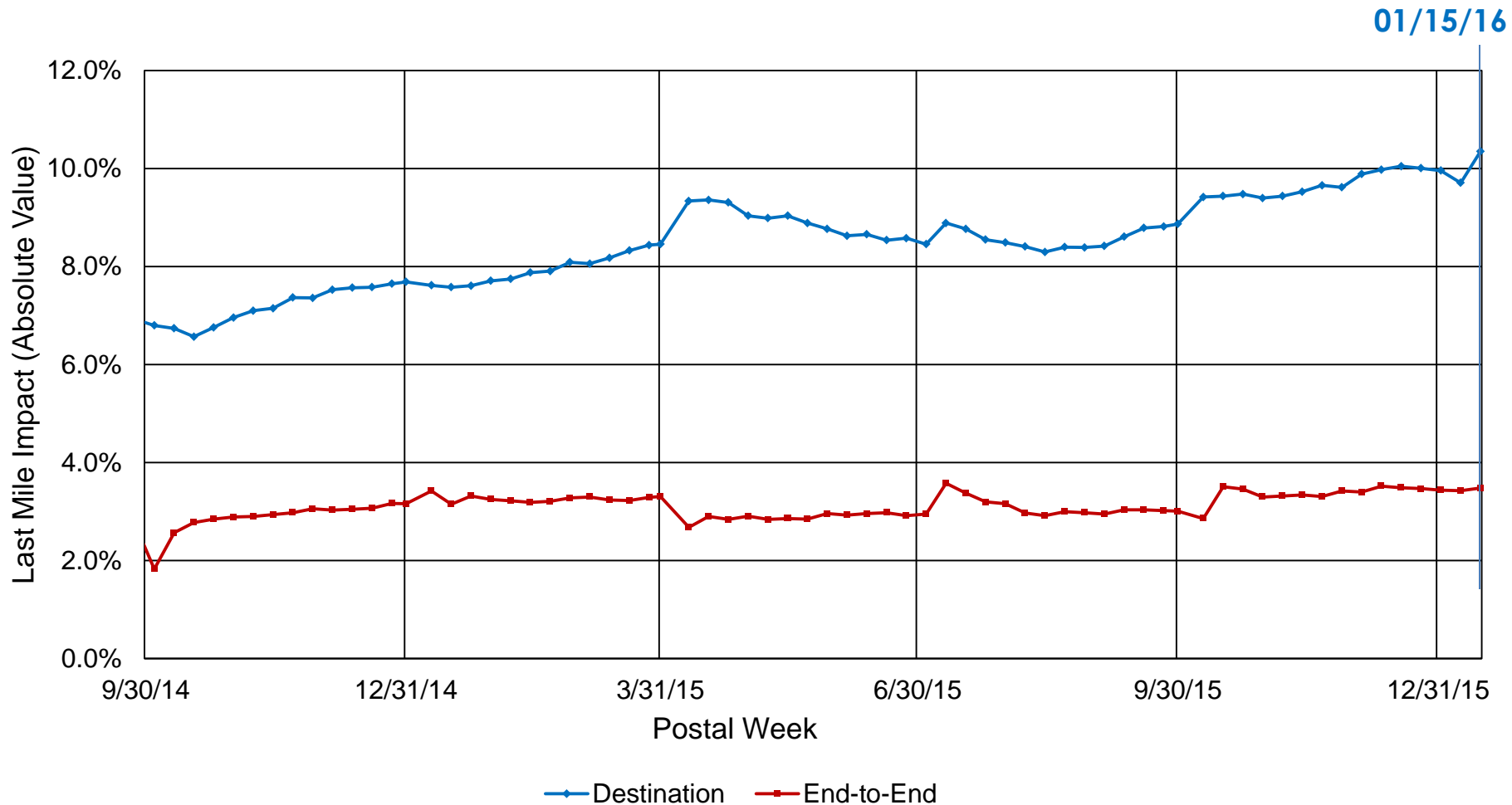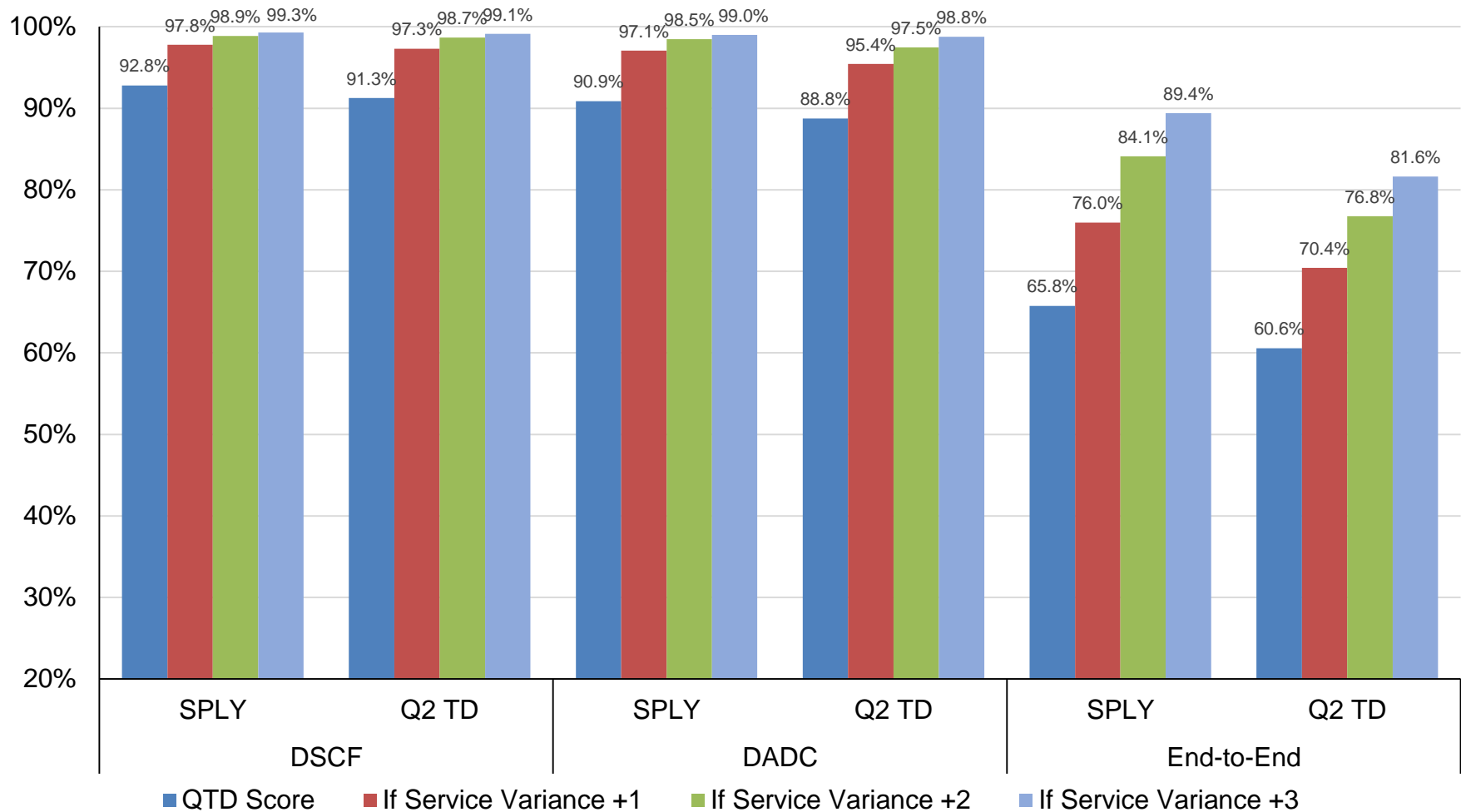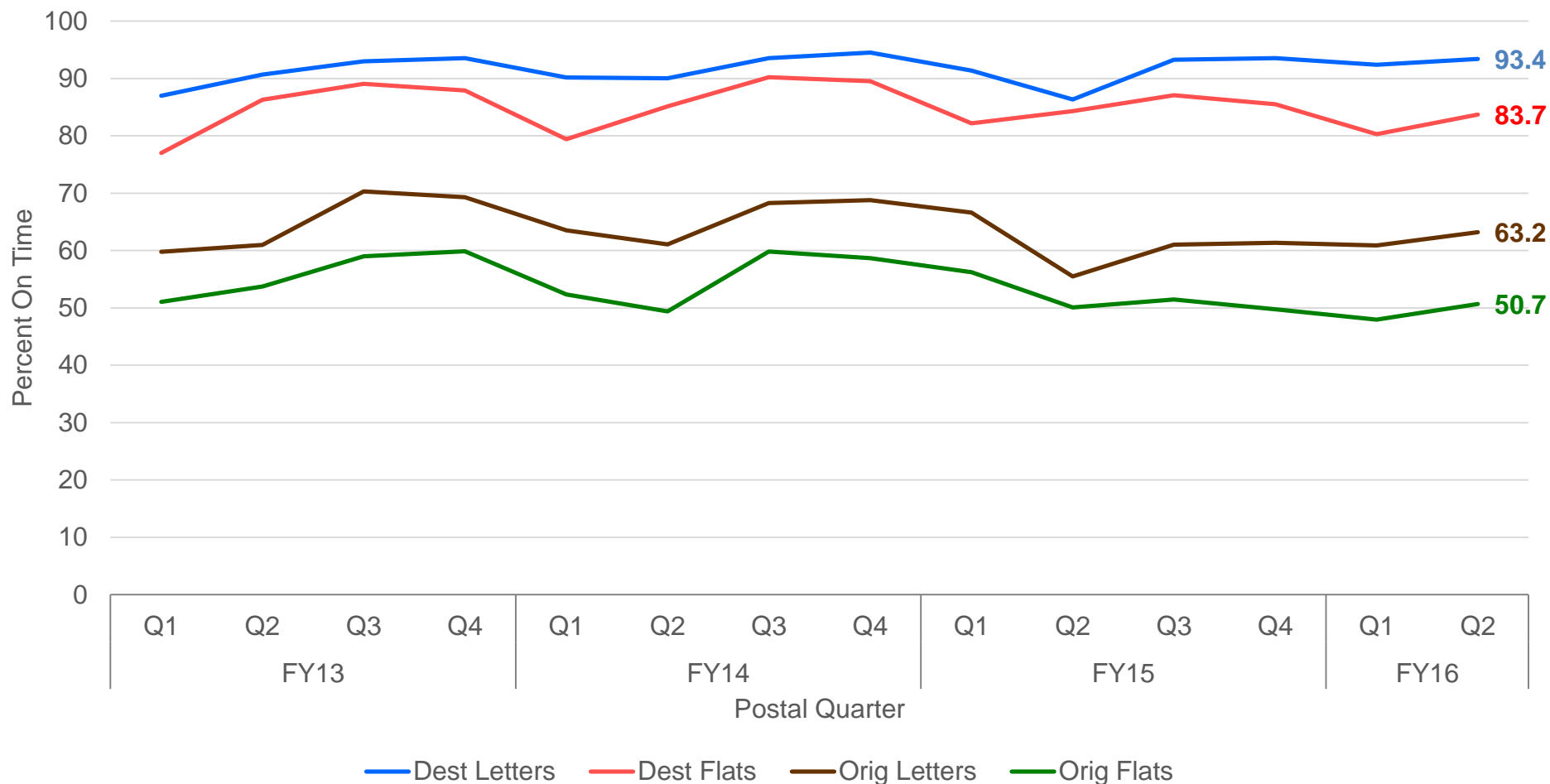

Legend: ■ QTD Score ■ If Service Variance +1 ■ If Service Variance +2 ■ If Service Variance +3

Note: Service performance results before Last Mile

Standard Mail

Standard Mail® FY13 thru FY16 Performance By Quarter

Y-axis: Percent On Time (0 to 100)

X-axis: Postal Quarter — FY13 (Q1, Q2, Q3, Q4), FY14 (Q1, Q2, Q3, Q4), FY15 (Q1, Q2, Q3, Q4), FY16 (Q1, Q2)

Legend: Dest Letters, Dest Flats, Orig Letters, Orig Flats

End values: 93.4 (Dest Letters), 83.7 (Dest Flats), 63.2 (Orig Letters), 50.7 (Orig Flats)
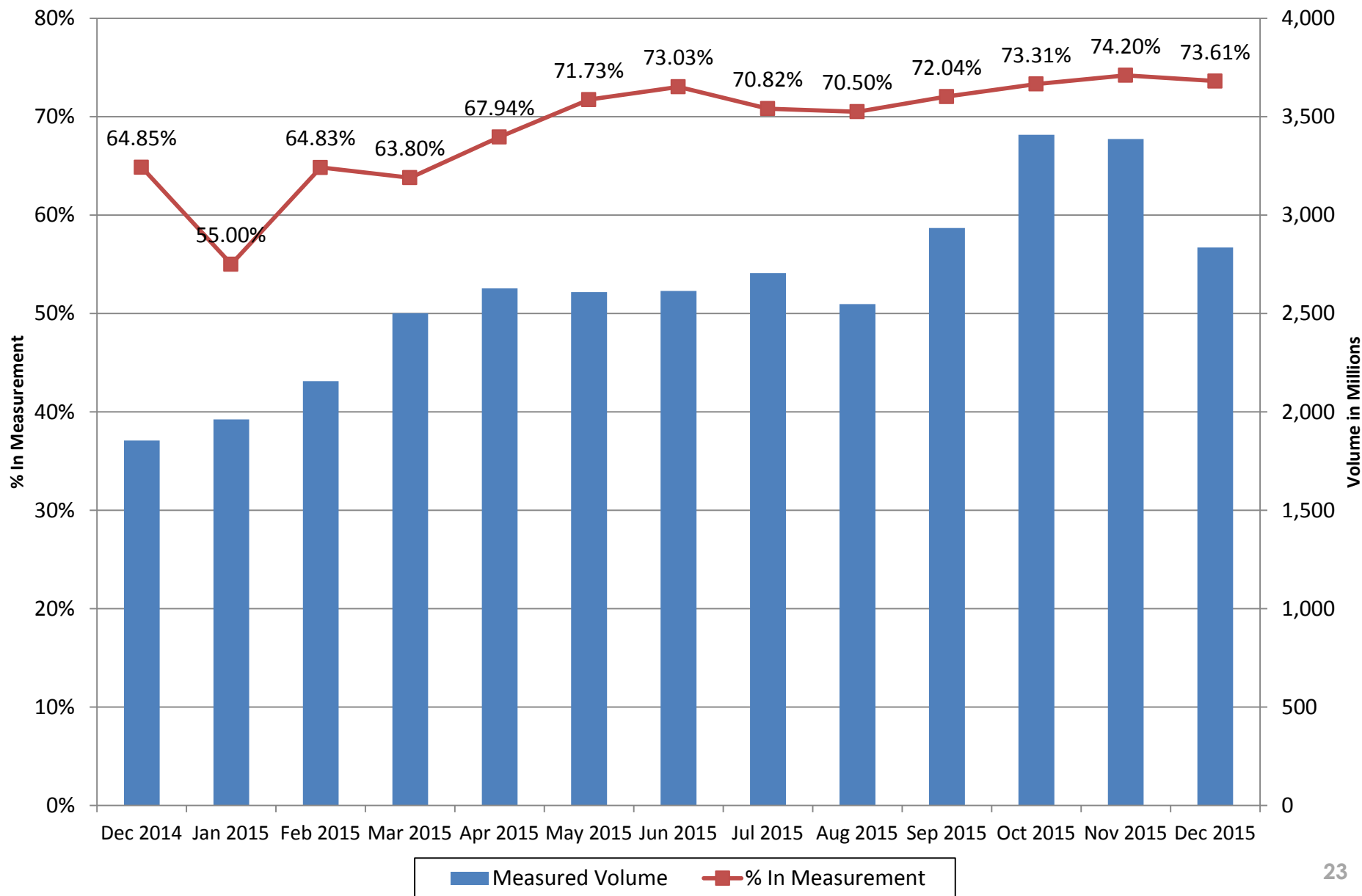
• FY16 Q2 through 01/15/16

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Standard Mail
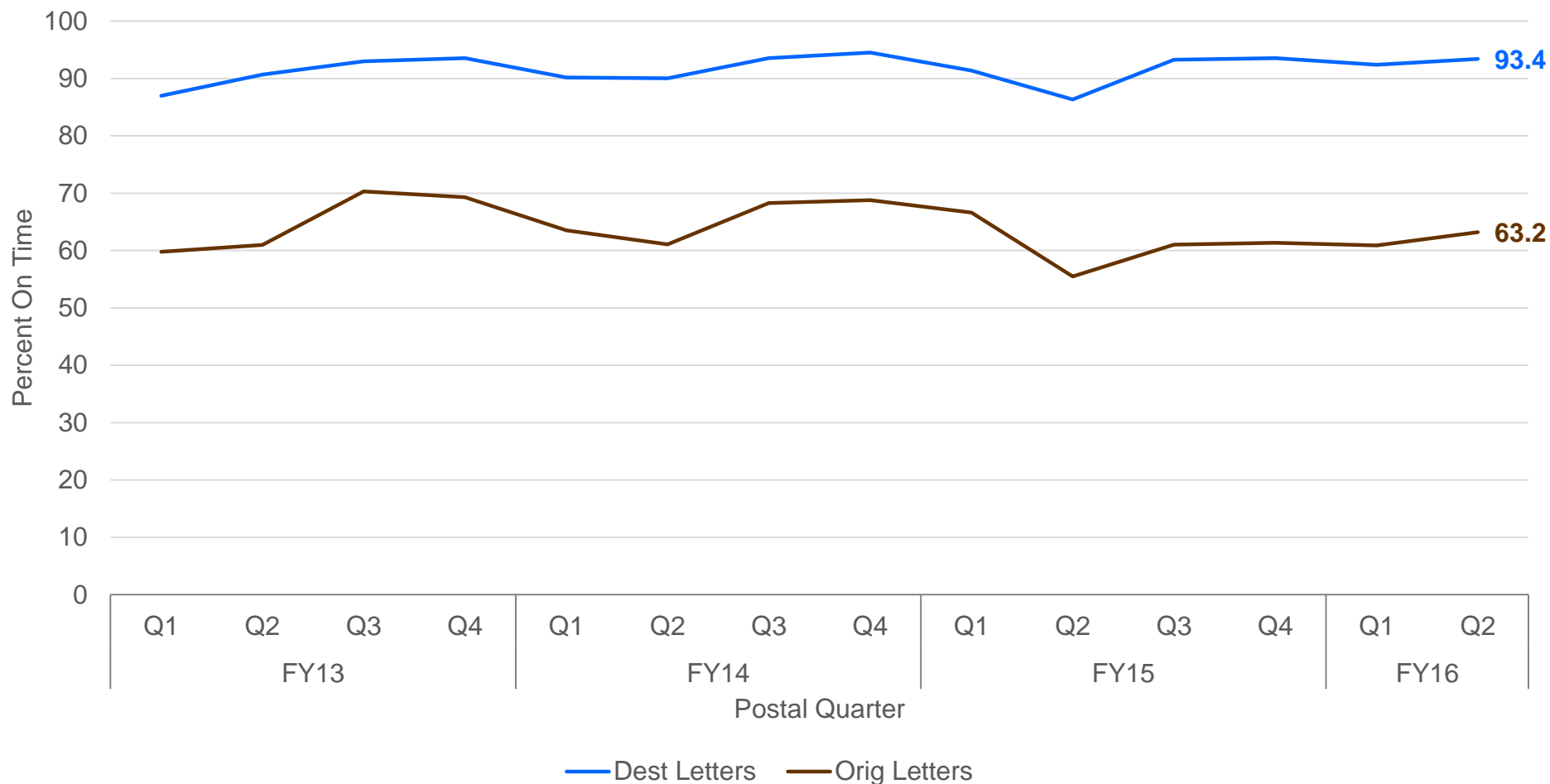
Letters

Standard Mail Letters
Full Service Volume In Measurement Trend

Standard Mail® FY13 to FY16 Performance By Quarter
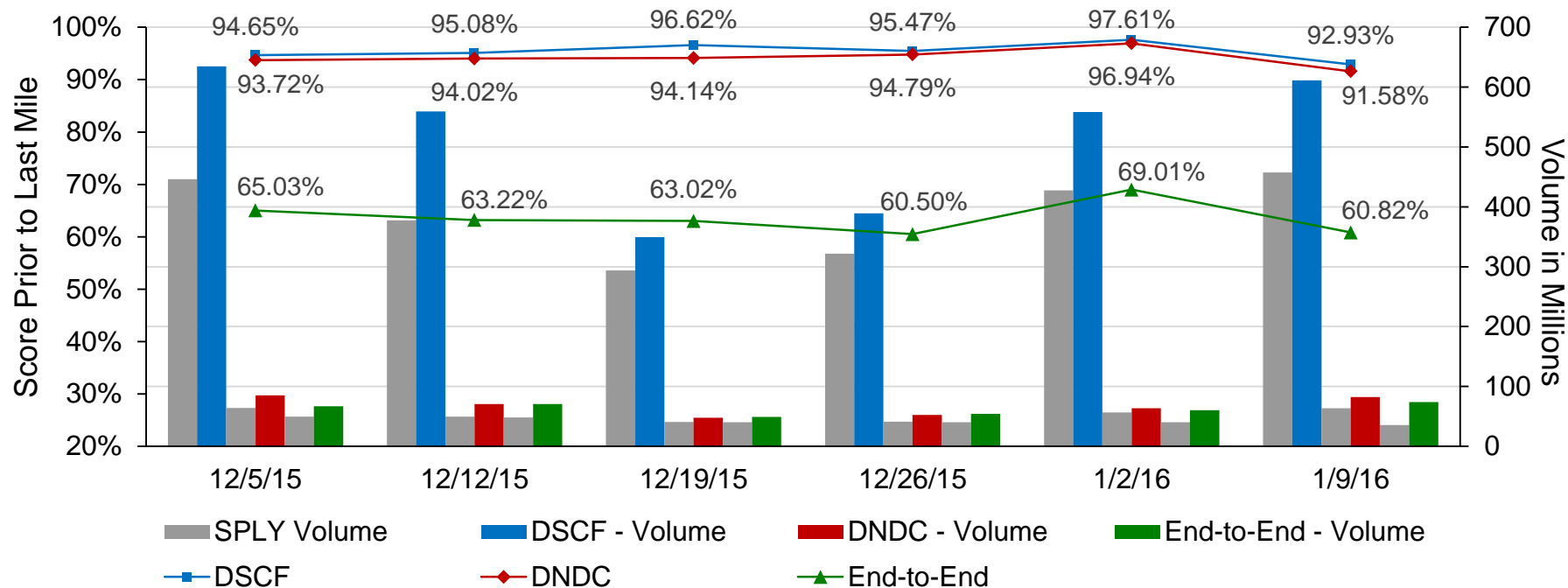
**93.4** (Dest Letters)
63.2 (Orig Letters)

Y-axis: Percent On Time (0–100)
X-axis: Postal Quarter — FY13 (Q1–Q4), FY14 (Q1–Q4), FY15 (Q1–Q4), FY16 (Q1–Q2)

Legend: ——— Dest Letters ——— Orig Letters

• FY16 Q2 through 01/15/16

UNITED STATES POSTAL SERVICE®

Chart data:

Left axis: Score Prior to Last Mile (20%–100%)
Right axis: Volume in Millions (0–700)

Date	DSCF	DNDC	End-to-End
12/5/15	94.65%	93.72%	65.03%
12/12/15	95.08%	94.02%	63.22%
12/19/15	96.62%	94.14%	63.02%
12/26/15	95.47%	94.79%	60.50%
1/2/16	97.61%	96.94%	69.01%
1/9/16	92.93%	91.58%	60.82%

Legend: SPLY Volume, DSCF - Volume, DNDC - Volume, End-to-End - Volume, DSCF, DNDC, End-to-End
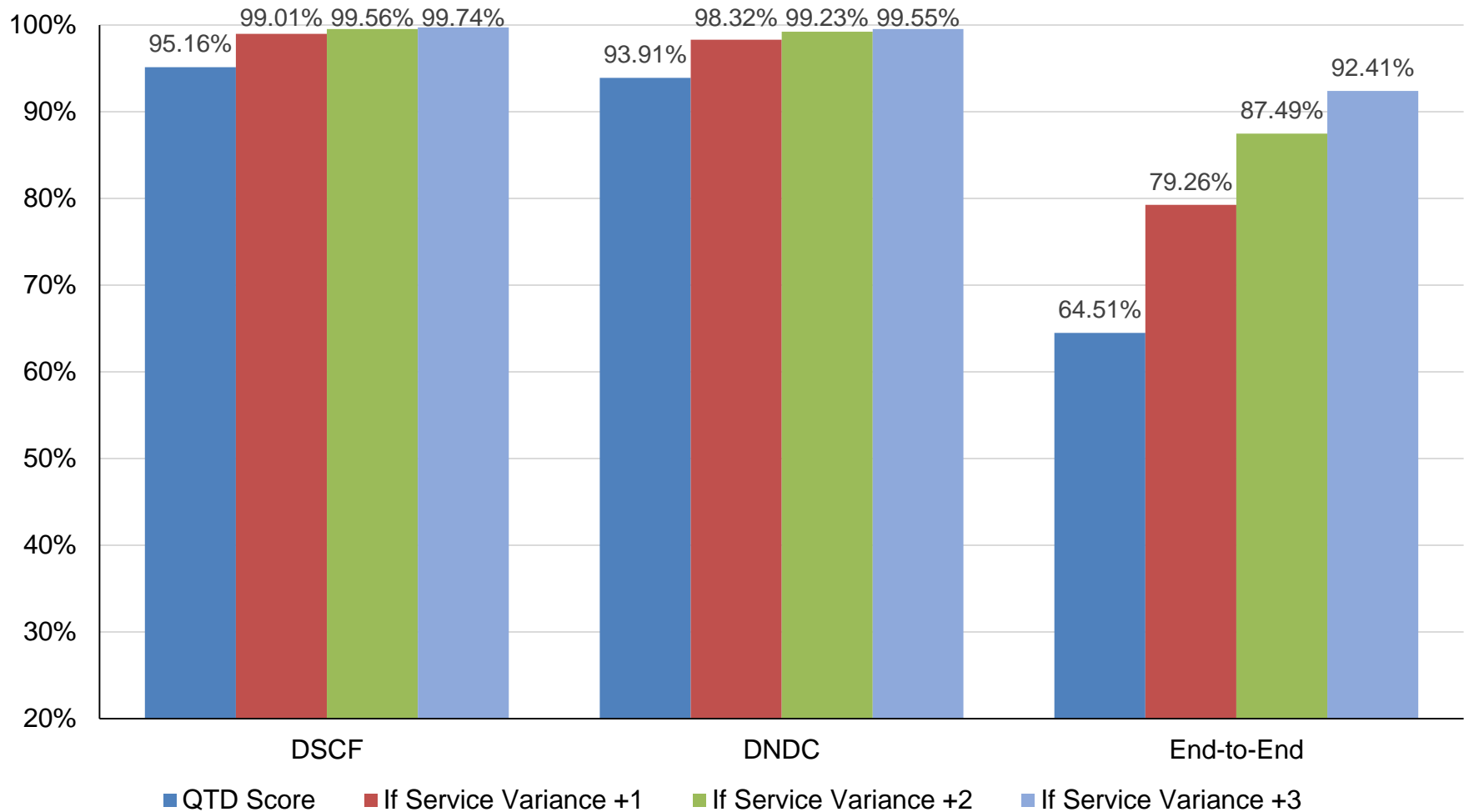
Q2 TD	Total Pieces Measured	Processing On-Time	Last Mile Impact	Overall Score	Target Score	SPLY Pieces Measured	Volume Change	SPLY Overall QTD Score	SPLY Change
SCF Letters	1,169,899,199	95.16%	-1.62%	93.54%	91.00%	957,716,568	22.16%	86.87%	6.67%
NDC Letters	145,687,791	93.91%	-1.63%	92.28%	91.00%	128,626,202	13.26%	87.40%	4.88%
E2E Letters	134,372,935	64.51%	-1.27%	63.24%	91.00%	80,805,266	66.29%	58.73%	4.51%
3-Day	34,980,305	84.80%	1.26%	83.54%	91.00%	15,053,984	132.37%	79.29%	4.25%
4-Day	1,465,348	89.26%	0.83%	88.43%	91.00%	2,035,659	-28.02%	85.93%	2.50%
5-Day	18,090,487	82.27%	1.11%	81.16%	91.00%	9,941,269	81.97%	78.23%	2.93%
6-10 Day	75,908,225	51.41%	1.32%	50.09%	91.00%	51,009,114	48.81%	47.87%	2.22%
11+ Day	3,928,570	46.03%	1.42%	44.61%	91.00%	2,765,240	42.07%	56.85%	-12.24%
Total	1,449,959,925			88.89%	91.00%	1,167,148,036	24.23%	84.98%	3.91%

UNITED STATES
POSTAL SERVICE®

Last Mile Impact Trend

01/15/16

Legend: Destination, End-to-End
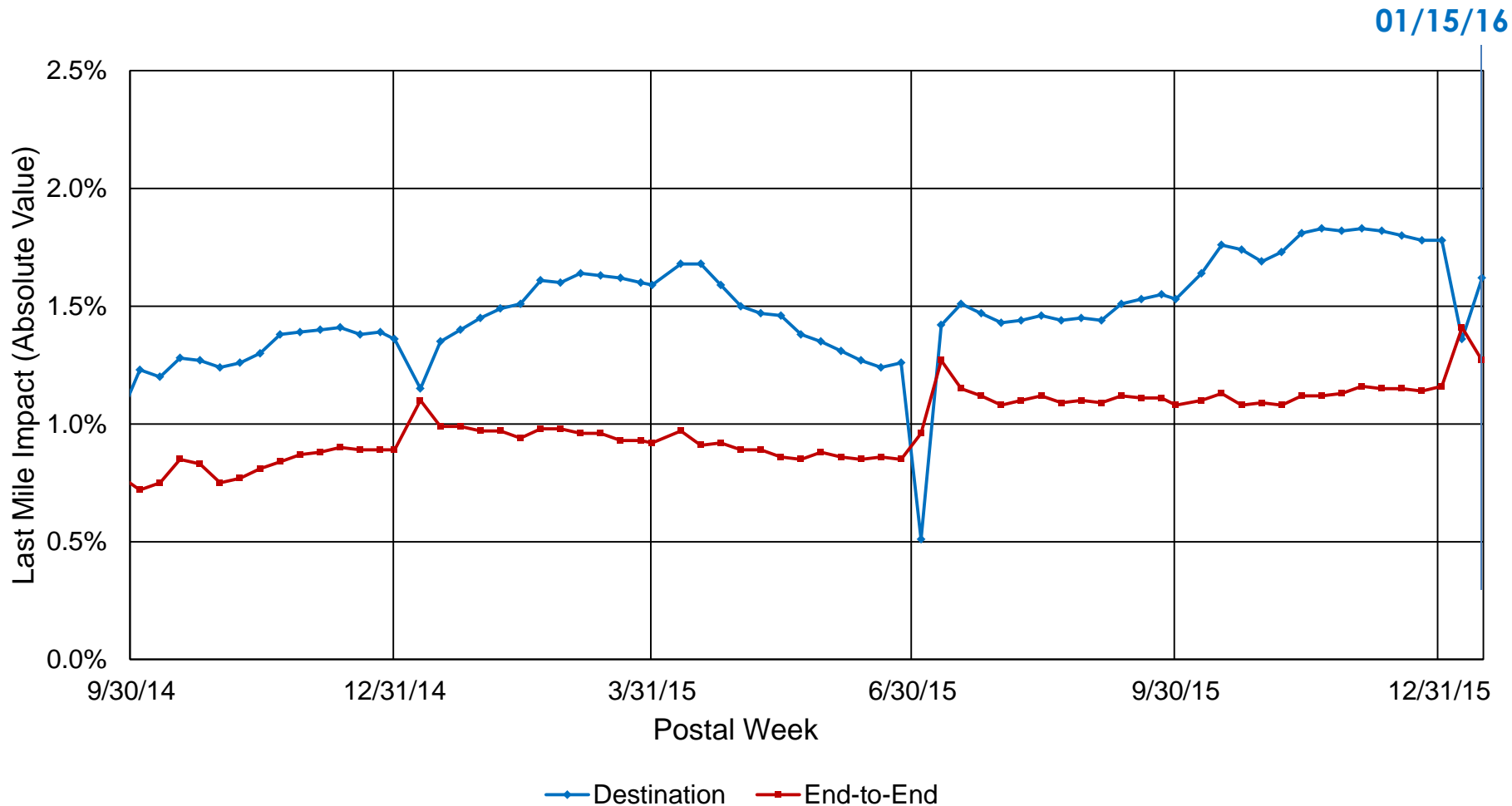
QTD DSCF and DNDC Standard Letters scores would be above 98.32% (prior to last mile), if pieces that failed by 1 day passed
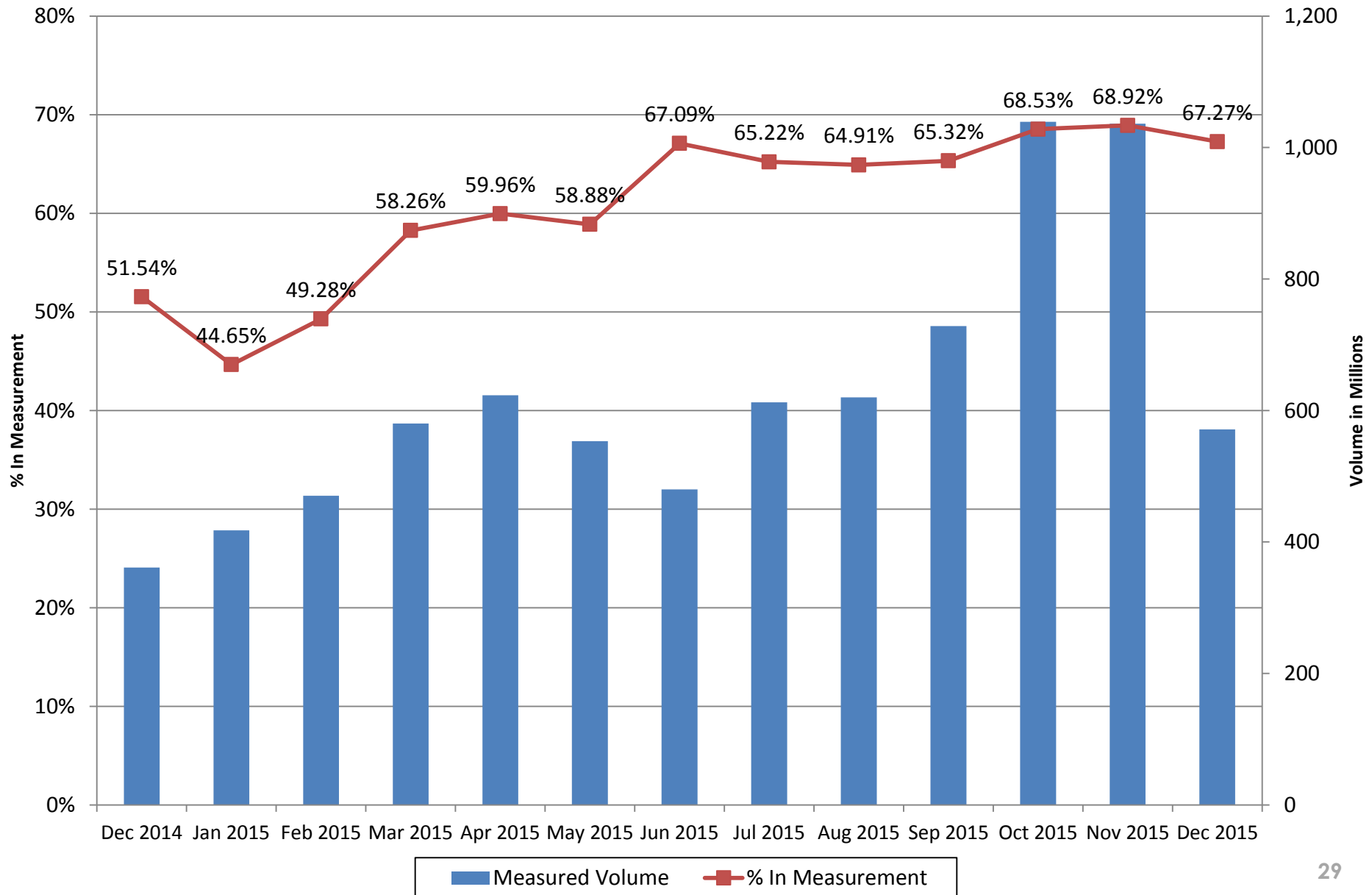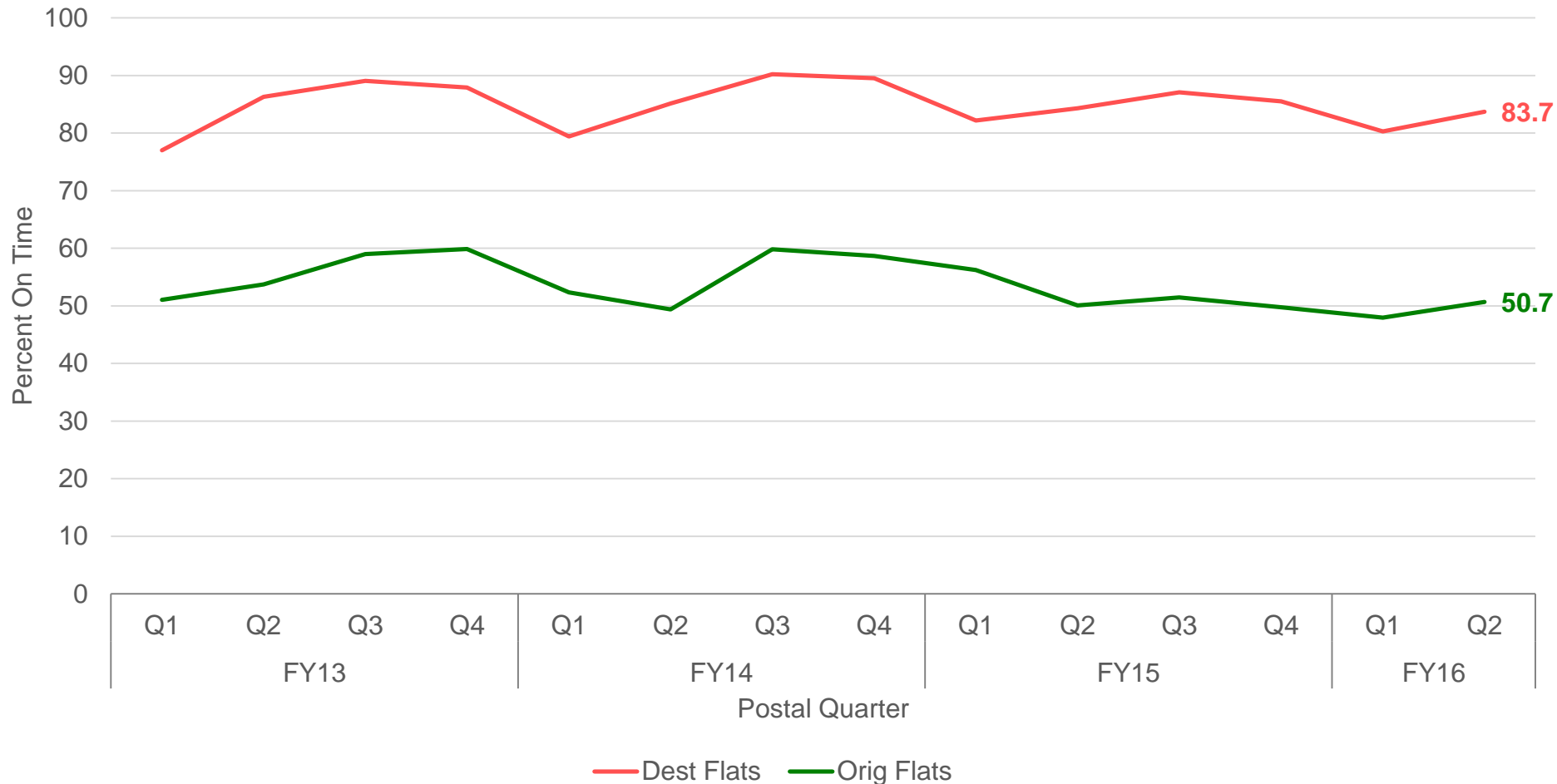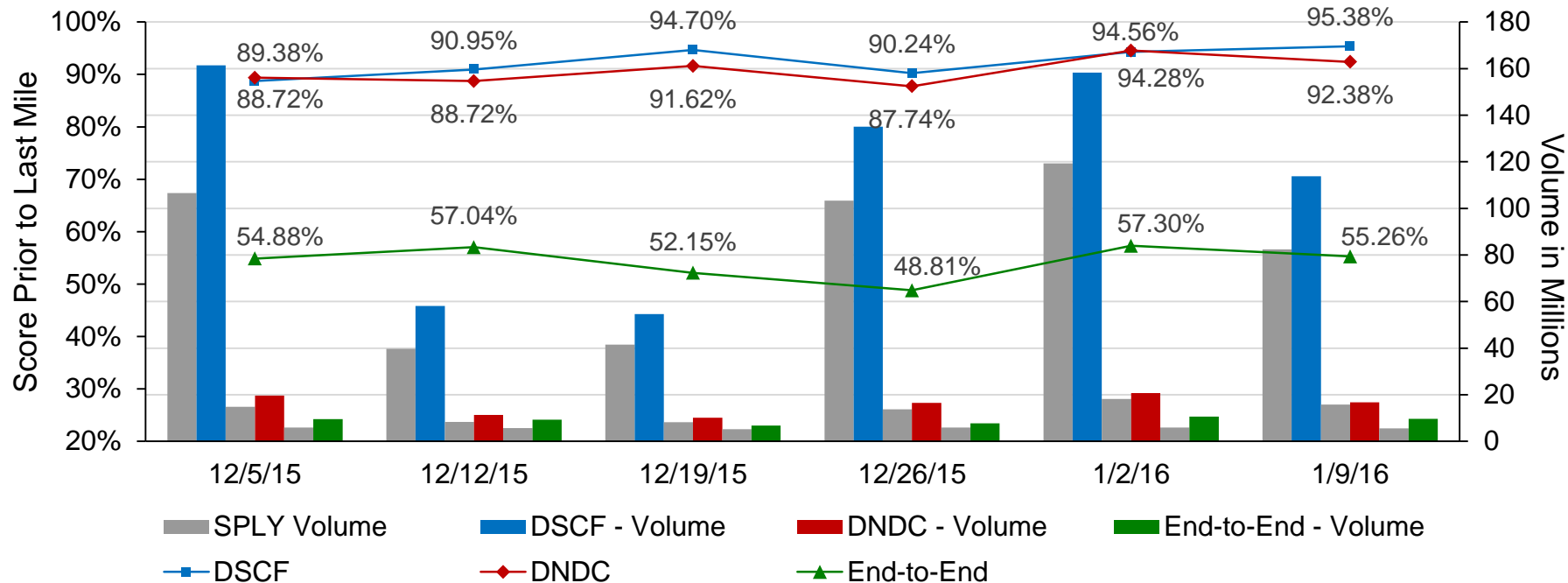

Bar chart data:

Category	QTD Score	If Service Variance +1	If Service Variance +2	If Service Variance +3
DSCF	95.16%	99.01%	99.56%	99.74%
DNDC	93.91%	98.32%	99.23%	99.55%
End-to-End	64.51%	79.26%	87.49%	92.41%

Note: Service performance results before Last Mile

Standard Mail

Flats

Standard Mail Flats
Full Service Volume In Measurement Trend

UNITED STATES
POSTAL SERVICE ®

Standard Mail® FY13 to FY16 Performance By Quarter

Percent On Time

Dest Flats — red line ending at **83.7**
Orig Flats — green line ending at **50.7**

Postal Quarter: Q1 Q2 Q3 Q4 (FY13) | Q1 Q2 Q3 Q4 (FY14) | Q1 Q2 Q3 Q4 (FY15) | Q1 Q2 (FY16)

Legend: —— Dest Flats   —— Orig Flats
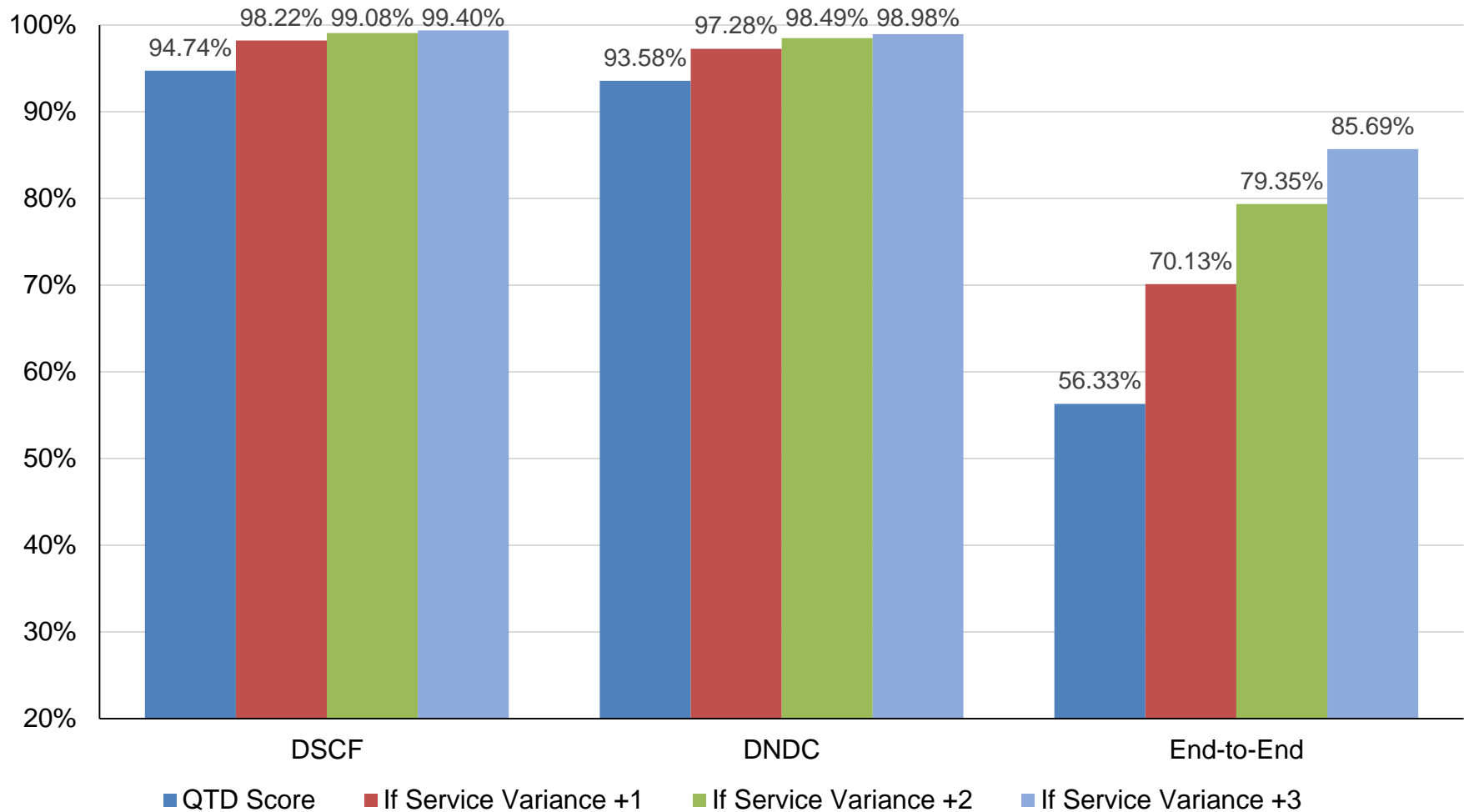
• FY16 Q2 through 01/15/16

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Q2 TD	Total Pieces Measured	Processing On-Time	Last Mile Impact	Overall Score	Target Score	SPLY Pieces Measured	Volume Change	SPLY Overall QTD Score	SPLY Change
SCF Flats	271,998,242	94.74%	-13.56%	81.18%	91.00%	219,961,658	23.66%	85.95%	-4.77%
NDC Flats	37,426,666	93.58%	-6.81%	86.77%	91.00%	36,811,223	1.67%	88.75%	-1.98%
E2E Flats	20,187,756	56.33%	-5.63%	50.70%	91.00%	12,835,452	57.28%	54.02%	-3.32%
3-Day	3,075,123	76.81%	8.35%	68.46%	91.00%	1,333,434	130.62%	67.40%	1.06%
4-Day	224,124	90.71%	6.61%	84.10%	91.00%	216,995	3.29%	74.53%	9.57%
5-Day	2,327,754	70.31%	6.15%	64.16%	91.00%	1,287,696	80.77%	65.31%	-1.15%
6-10 Day	14,047,746	48.99%	4.82%	44.17%	91.00%	9,608,933	46.19%	50.53%	-6.36%
11+ Day	513,009	55.97%	8.64%	47.33%	91.00%	388,394	32.08%	45.61%	1.72%
Total	329,612,664			78.54%	91.00%	269,608,333	22.26%	84.81%	-6.27%

Last Mile Impact Trend
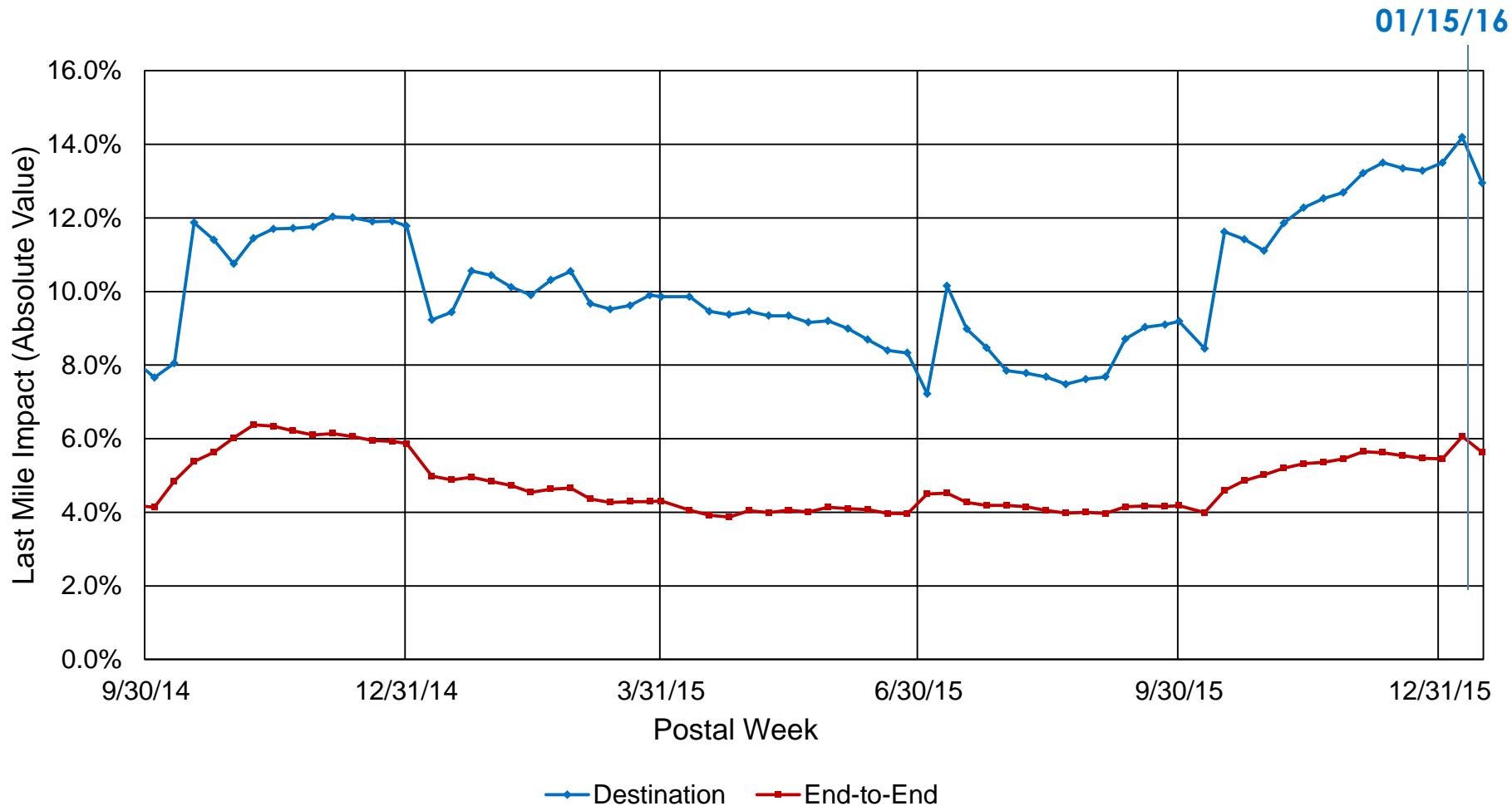
QTD DSCF and DNDC Standard Flats scores would be above 97.28% (prior to last mile), if pieces that failed by 1 day passed

Legend: ■ QTD Score ■ If Service Variance +1 ■ If Service Variance +2 ■ If Service Variance +3

DSCF: 94.74%, 98.22%, 99.08%, 99.40%
DNDC: 93.58%, 97.28%, 98.49%, 98.98%
End-to-End: 56.33%, 70.13%, 79.35%, 85.69%

Note: Service performance results before Last Mile

UNITED STATES POSTAL SERVICE®

Data from 2015-10-03 to 2016-01-22

Full Service Customers Only

2,946,000
Entered at USPS SV Unload Scan

7,752,000
Enroute Depart Scan for Containers and Trays

8,641,000
Enroute Arrive Container and Tray Scans

76,099,000
Enroute Tray Scans

31 Billion
(as of January 1, 2016)
Piece level automation scans

New Visibility for Mailers

All IMb™ Users

Internal Service Performance Measurement

Current and Future

		CURRENT	FUTURE
SYSTEMS	**Single-Piece**	EXFC for single-piece mail	Informed Visibility
	Commercial Mail	SASP, BIDS, IMAPS for commercial mail	Informed Visibility
PROCESS	**Single-Piece**	EXFC uses seeded mail, calculating service based on date mail is dropped at collection point and date received by reporter.	IV uses all single-piece First Class Mail, calculating service based on First Mile (sampling), Processing Duration (all mail), and Last Mile (sampling), similar to process to calculate commercial mail.
	Commercial Mail	Commercial Mail calculates service based on Processing Duration and Last Mile (sampling).	No changes to commercial mail
VOLUME	**Single-Piece**	EXFC – Seeded mail only	Single-piece measurement leverages all single-piece First-Class Mail
	Commercial Mail	All valid Full-Service commercial mail	Commercial Mail – no changes
RESOURCES		Relies on third party droppers and reporters	Leverage workforce for First and Last Mile sampling
LOCATION		Sampling is limited to the locations of the Last Mile reporters	First and Last Mile sampling can occur anywhere

for Service Performance Measurement

End-to-End Measurement of all Mail

- One Consolidated Mail Measurement System (single piece and presort)
- Measuring All Mail (census vs. sampling)
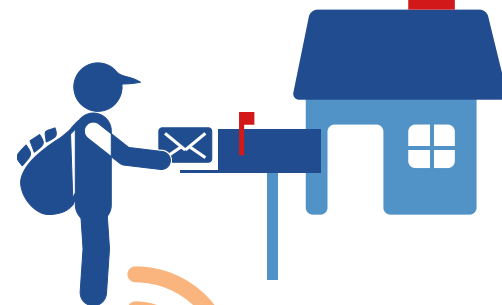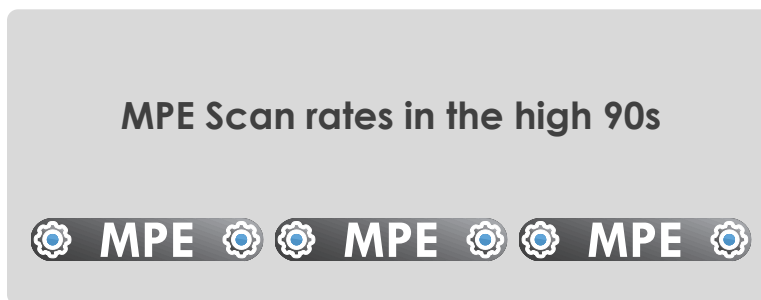- Same Day Service Scores

IV leverages Mail Visibility providing a comprehensive view of USPS service performance measurement

IV reduces USPS reliance on 3rd party reporters

FIRST MILE   PROCESSING   LAST MILE

MPE Scan rates in the high 90s

MPE   MPE   MPE

MDD

Processing Scores

MDD

Existing

IV

Not scanning every piece with device.

Encrypted Sampling Request (GPS based)

Encrypted Sampling Request (GPS based)

IV

RANDOM SCAN SELECTION

System polls 3-digit combos to ensure statistical precision.

If scans are not received, a new poll request will be sent to a different device.

UNITED STATES POSTAL SERVICE®

Service Performance Measurement

BILLIONS*

New Internal Measurement Plan

Current EXFC Sampling

580,000*

MILLIONS*

750,000*

| FIRST MILE | PROCESSING | LAST MILE |

*estimated volumes

One-stop Shop for Visibility

Informed Visibility

UNITED STATES
POSTAL SERVICE®

Informed Visibility

Automation Scans

Retail Systems

Handheld Scans & GPS

eDocs/ Manifest/ Shipping Service Files

Transportation

Visibility Scans

Reference

UNITED STATES POSTAL SERVICE®

Enhanced Visibility

Current

IMb Tracing

- Visibility for letters, flats & bundles
- Bundle visibility limited to piece automation scans
- Raw data download, or push subscription (1-24 hour)

PostalOne & Mail.xml

- Visibility for trays & containers
- Push, pull, or download data
- Latency issues

Future

INFORMED IV VISIBILITY

- Comprehensive end-to-end
- Real-time reporting
- Flexible data provisioning
- Customer specific mail performance
- Additional scan events
  - Delivery unit related bundle visibility
  - "Out for delivery" & "delivered" events

for Mailers

Improved Service and Visibility

- Informed Visibility and Field Service Performance Diagnostics leads to consistent, reliable, predictable service
- Informed Visibility and real-time Mail Inventory Management leads to reduced operational costs, which will protect prices for mailers
- Provides mailers with complete visibility and tracking across the supply mail chain
- Provides mailers with mailing-specific service scores
- Improved ease of use for mailers through flexible data provisioning

IV gives mailers visibility into their mailings and service, increasing the value of mail and enabling mailers to plan their mailings, measure success of each mailing campaign, and efficiently staff

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IV supported FLEXIBLE DATA PROVISIONING allows you to select:

What?

{ … **data fields you want to receive**

… **order you want them in**

… **you want your data filtered**

… **you want it aggregated**

… **you want it presented – such as in XML, or Excel or a report or an alert**

… **you want it delivered - either pushed to your server, or sent by email or text**

How?

When?

{ … **you want it delivered - pre-established schedule, near real-time, event driven**